

STATE OF SOUTH CAROLINA

Request for Blanket Authorization to Sell and, if necessary, Sub-Divide for Sale Certain Real Property Surrounding SCANA Corporation's Administrative Offices in Cayce, South Carolina

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2010 - - E

(Please type or print)

Submitted by: K. Chad BurgessSC Bar Number: 69456Address: SCANA Corp.Telephone: 803-217-8141220 Operation Way MC C222Fax: 803-217-7931Cayce, SC 29033

Other: _____

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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input checked="" type="checkbox"/> Letter	<input checked="" type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		



K. Chad Burgess
Assistant General Counsel

chad.burgess@scana.com

August 16, 2010

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive (29210)
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Request for Blanket Authorization to Sell and, if necessary, Sub-Divide for Sale
Certain Real Property Surrounding SCANA Corporation's Administrative Offices
in Cayce, South Carolina
Docket No. 2010-_____-E

Dear Ms. Boyd:

By Order No. 92-931, dated November 13, 1992 ("Order"), issued in Docket No. 89-230-E/G, the Public Service Commission of South Carolina ("Commission") approved certain regulatory requirements regarding the sale and subdivision of real property owned by South Carolina Electric & Gas Company ("SCE&G" or "Company"). Among other things, the Order requires SCE&G to (i) file a proposed partitioning of a tract of land for review by the Commission if the Company wishes to sub-divide it into parcels having a market value of less than \$150,000 ("Subdivision Requirement"), and (ii) engage in a competitive bidding process for the sale of any property with an appraised value in excess of \$50,000 ("Bid Requirement"). See Appendix A to Order, pp. 20-21. For the reasons set forth below, SCE&G respectfully requests that the Commission issue an Order granting SCE&G blanket authorization to sell and, if necessary, sub-divide for sale certain real property surrounding SCANA Corporation's ("SCANA") administrative offices located in Cayce, South Carolina without further proceedings.

Background

SCE&G owns approximately 261 acres of developable property ("Developable Property") adjacent to SCANA's administrative offices in an annexed area of Cayce near the intersection of 12th Street and Interstate 77. This property is shown on attached Appendix A as Tracts 1 through 6 shaded in yellow. The Developable Property is classified as non-utility property and as such is not included in SCE&G's rate base. Moreover, the Company does not include any costs associated with that property in any utility rates or rate calculations.

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The property in question is located at a prominent place at the southern gateway to the Columbia metropolitan area near the intersection of two major interstate highways. SCANA has recently completed construction of its administrative offices in this location with Cayce providing supporting infrastructure. The administrative offices now form the anchor for the development of the surrounding property and the entire area.

Request for Blanket Authorization

SCE&G seeks blanket authorization from the Commission to sell, and if necessary subdivide for sale, the Developable Property without engaging in either the Subdivision Requirement or the Bid Requirement. The reason for this request is related to SCE&G's goals in marketing the property:

- First, SCE&G is committed to managing the sale of surrounding property to maintain the integrity and appeal of SCANA's facility. SCANA has built administrative offices that are not only highly functional for its employees but also are aesthetically pleasing and a pleasant place to work. Much of the attractiveness and value of this facility depends on how the surrounding property is developed. SCE&G seeks to ensure that the surrounding property is developed in a way that enhances rather than detracts from the value of SCANA's administrative offices.
- Second, SCE&G is committed to structuring the sale of the Developable Property to preserve and enhance the value of other undeveloped property in the area. The City of Cayce has identified this southern gateway area as having significant economic development potential. As part of one of the principal gateways into the Columbia area, the proper development of this property is important to the attractiveness and growth of the Midlands region.

While SCE&G intends to realize an appropriate return from any sale of the Developable Property, meeting these two non-financial goals is of greater importance to SCE&G than maximizing immediate cash returns from property sales.

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For these reasons, the Company will seek binding commitments from purchasers of the Developable Property as to the future use of the property. Those commitments may include conditions concerning such things as building set-backs, signage, landscaping and architectural standards, routing of roads, placement of access routes and parking areas, preservation of natural areas and open areas, maximum densities and building heights and general standards of development for the property. SCE&G envisions negotiating these commitments with potential purchasers on a case-by-case basis based on the purchasers' specific development plans and requirements. SCE&G envisions embedding these commitments in restrictive covenants placed on the deeds to the land purchased. As a result, negotiations for purchase of this property may be based on the consideration of specific development plans, and prospective buyers may be required to make a considerable up-front investment in planning and feasibility studies to support these negotiations. The negotiations themselves will require a significant commitment of time by both parties. The ultimate agreement will likely reflect carefully crafted trade-offs between the restrictions that are agreed to and the prices that are offered.

This approach to marketing the Developable Property is not consistent with a competitive bidding process. For that reason, SCE&G is requesting blanket authorization to sell the Developable Property without engaging in the competitive bidding process – a process which typically limits SCE&G to selling property to the highest bidder. In addition, the negotiated sale process that SCE&G envisions is likely to involve consideration of many alternative plans for subdividing the property and taking down tracts of land for development over time. Without the blanket authorization requested here, the Company would be required to appear before the Commission for every individual lot sale and each time a development or marketing plan changes. Such a requirement could complicate and delay the negotiation of suitable development plans, and inject an element of uncertainty into the process. This uncertainty could be viewed as a negative by potential developers, particularly in light of the commitment of time and planning envisioned for the negotiation process.

In keeping with the spirit and intent of the Order, the Company will treat, as it always does, any party to a future real estate transaction involving the Developable Property fairly and equitably. Apart from price, the Company will base all sales decisions on the party's ability to meet SCE&G's requirements, and whether the party's intended use of the land is in the best interests of the surrounding property and the interest of Cayce. Neither SCE&G nor any SCANA subsidiary will undertake to purchase or develop any property subject to this blanket authorization. No party will be offered property at less than fair value considering the value SCE&G places on the development restrictions and the benefits to surrounding property from the use contemplated.

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The Company also notes that, even with the requested blanket authorization, it will still be required to file annually a record of any real property transfers that will include the market value of the property, the book value of the property at the time of transfer, the Company's original purchase price for the property, the selling price and the terms of sale, the gain or loss on the transfer, the identification of land or property transferred, and the parties involved in the transfer. *See* Appendix A to Order, p. 15. These requirements will preserve for the Commission an appropriate oversight role in the sale and development of the Developable Property and will allow the Commission to determine whether the goals and commitments expressed in this request are being met. In light of its nature of this request, the Company is willing to report all sales under this blanket authorization on a transaction-by-transaction basis within sixty-days of sale.

Therefore, SCE&G respectfully requests that the Commission issue an order granting SCE&G blanket authorization to sell the Developable Property or portions thereof to purchasers who are unaffiliated with SCANA or its subsidiaries without engaging in the Subdivision Requirement or the Bid Requirement. If the Commission grants the relief requested herein, SCE&G understands that the blanket authorization is applicable to the Developable Property only. For all other land transactions involving the Company, SCE&G understands that the terms and conditions of Order No. 92-931 remain in effect and are to be followed.

By copy of this letter, we are notifying the South Carolina Office of Regulatory Staff of the Company's request for blanket authorization of future sales and sub-divisions of the Developable Property surrounding and in the vicinity of SCANA's administrative offices.

If you have any questions, please advise.

Very truly yours,



K. Chad Burgess

KCB/kms
Enclosure

cc: John W. Flitter
A. Randy Watts
Jeffrey M. Nelson, Esquire
(all via electronic delivery and First Class U.S. Mail)

Appendix A
Developable Property

